

DOCKET FILE COPY ORIGINAL
BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

RECEIVED

JUN - 9 2000

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of

Numbering Resource Optimization

CC Docket No. 99-200

REPLY COMMENTS
of the
GENERAL SERVICES ADMINISTRATION

GEORGE N. BARCLAY
Associate General Counsel
Personal Property Division

MICHAEL J. ETTNER
Senior Assistant General Counsel
Personal Property Division

GENERAL SERVICES ADMINISTRATION
1800 F Street, N.W., Room 4002
Washington, D.C. 20405
(202) 501-1156

Economic Consultants:

Snavely King Majoros O'Connor & Lee, Inc.
1220 L Street, N.W., Suite 410
Washington, D.C. 20005

June 9, 2000

No. of Copies rec'd 074
List A B C D E

Table of Contents

Page No.

Summary.....	i
I. INTRODUCTION.....	1
II. CARRIERS DEMONSTRATE THAT EFFICIENCY IN USING NUMBERING RESOURCES SHOULD BE GAUGED WITH A FLEXIBLE STANDARD.....	3
A. Utilization thresholds must recognize the circumstances of different carriers in various areas.	3
B. Number reservation procedures should accommodate requirements of government and business users.....	6
III. CONTRARY TO CLAIMS BY SOME PARTIES, THE COMMISSION SHOULD REQUIRE WIRELESS CARRIERS TO PARTICIPATE IN POOLING AS SOON AS THEY IMPLEMENT NUMBER PORTABILITY.....	8
A. Several carriers seek additional delays, but end users and regulators emphasize the benefits of implementing number pooling as soon as possible.	8
B. There are no valid reasons to delay implementation of number pooling for wireless carriers.	10
IV. COMMENTING PARTIES OFFER NO SUPPORT FOR PROPOSALS TO CHARGE CARRIERS FOR TELEPHONE NUMBERS.	11
V. THE COMMISSION SHOULD NOT HEED REQUESTS TO RECOVER NUMBER POOLING COSTS THROUGH A SPECIFIC CHARGE ON END USERS.	14
A. Several carriers assert that the Commission should recover all costs remotely related to "number pooling," but they provide little data on their magnitude.	14
B. It is likely that number pooling will not entail any significant costs net of anticipated savings.	16
C. Even if carriers incur number pooling costs, there is no justification for an end user surcharge.	17
VI. CONCLUSION	20

Summary

GSA responds to comments by carriers, end users and regulators on issues concerning procedures for conserving telephone number resources.

At the outset, GSA addresses positions concerning proposed rules for carriers to achieve specified fills for their currently assigned central office codes as a condition for receiving additional numbers. GSA explains that there are too many significant variables to employ a “hard and fast” mathematical rule for determining eligibility for additional numbers. In the near term, the Commission should rely on other conservation measures. In the longer term, it is important to encourage the new administrator to recognize the circumstances of individual carriers as well as the needs of larger users for specified numbers and number sequences.

GSA also addresses requirements for wireless carriers to participate in number pooling. GSA explains that contrary to claims by some parties, the Commission should require wireless carriers to participate in pooling as soon as they implement local number portability. Commenters demonstrate that wireless carriers should have pooling capability in place soon, and they also identify the benefits of implementing number pooling for this large part of the overall national demand for numbers as soon as possible.

In addition, GSA explains that parties offer no support for a proposal to conserve numbering resources by charging for telephone numbers. To the contrary, parties argue convincingly that a charging structure would impair competition, not serve the public interest, and fail to accomplish the intended aims of a “market-based” allocation system.

Finally, GSA rebuts requests by carriers concerning recovery of the costs of number pooling. GSA urges the Commission not to authorize carriers to recover the net costs for any activity related to numbering resources — if indeed they exist — through a surcharge on services to end users.

**BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554**

In the Matter of Numbering Resource Optimization

CC Docket No. 99-200

**REPLY COMMENTS
of the
GENERAL SERVICES ADMINISTRATION**

The General Services Administration ("GSA") submits these Reply Comments on behalf of the customer interests of all Federal Executive Agencies ("FEAs") on the Report and Order and Further Notice of Proposed Rulemaking ("Notice") released on March 31, 2000. This Notice seeks comments and replies on issues concerning procedures for conserving telephone number resources.

I. INTRODUCTION

The Communications Act of 1934, as amended, grants the Commission plenary jurisdiction over the North American Numbering Plan ("NANP") and related numbering issues.¹ To fulfill this statutory mandate, the Commission has identified several important requirements: (1) ensure that the limited numbering resources of the NANP are used efficiently; (2) protect consumers from the expense and inconvenience of implementing new area codes; (3) defer as long as possible the major cost of

¹ Pub. L. No. 104-104, 110 Stat. 56 ("1996 Act"). The 1996 Act amended the Communications Act of 1934, 47 U.S.C. §§ 151-174.

expanding the NANP by additional dialing digits; and (4) ensure that all local exchange carriers ("LECs") have the resources they need to compete in the rapidly growing telecommunications marketplace.²

In the Notice, the Commission takes a number of important steps that will provide the structure necessary to begin numbering resource optimization efforts. However, to obtain further guidance for implementation of numbering policies, the Notice asks parties to provide comments and replies on several issues.

GSA submitted Comments to address the numbering issues on May 19, 2000. In those Comments, GSA explained that the Commission should not adopt a uniform number utilization target for all carriers and regions because reasonable fill targets depend upon many factors that vary between incumbent and competitive LECs and among different types of local service areas. GSA also addressed the importance of implementing thousands-block number pooling for wireless carriers as soon as possible after the forbearance period for local number portability deployment ends in November 2002. Moreover, GSA explained that the Commission should not require LECs to pay for telephone numbers, and should not permit them to recover number pooling costs through specific charges on end users.

In addition to GSA, more than 35 parties submitted comments in response to the Notice. These parties include:

- 9 incumbent LECs and organizations of these carriers;
- 17 competitive LECs, interexchange carriers ("IXCs"), other carriers, and carrier associations;
- 6 state regulatory agencies and groups of state regulators; and
- 4 groups of end users.

² Notice, para. 1.

In these Reply Comments, GSA responds to the positions advanced by these parties.

II. CARRIERS DEMONSTRATE THAT EFFICIENCY IN USING NUMBERING RESOURCES SHOULD BE GAUGED WITH A FLEXIBLE STANDARD.

A. Utilization thresholds must recognize the circumstances of different carriers in various areas.

Thousands-block number pooling is the centerpiece of the Commission's program to ensure that the limited resources of the current numbering plan are used efficiently.³ Thousands-block pooling involves dividing the 10,000 numbers in a central office code into blocks of 1,000 numbers each. All numbers in the larger group must still be allocated within a single local calling area, but they can be assigned to multiple service providers in thousand-number blocks.⁴

To motivate LECs to participate in pooling, the Commission proposes that carriers be required to meet a utilization threshold for their currently assigned numbers before receiving additional groups of numbers for use by their customers.⁵ Carriers participating in pooling could receive groups of 1,000 numbers without meeting a threshold.⁶ However, non-pooling carriers would be required to achieve a utilization target, which would start at 50 percent and increase annually by 10 percentage points until reaching a level of 80 percent.⁷ The Notice requests comments and replies on these proposed rules.⁸

³ *Id.*, para. 116-128.

⁴ *Id.*, para. 118.

⁵ *Id.*, paras. 103 and 248.

⁶ *Id.*

⁷ *Id.*

⁸ *Id.*, para. 248.

Only a few parties suggest more stringent rules for allocation of additional number resources to non-pooling carriers than the Commission has outlined. The Maine Public Utilities Commission asserts that a 50 percent standard will not encourage meaningful conservation, and will have little impact on the numbering crisis.⁹ These regulators recommend a 75 percent utilization requirement for additional number assignments in order to encourage more efficient numbering practices in the initial and subsequent years.¹⁰

Similarly, the New Hampshire Public Utilities Commission recommends a 70 to 80 percent utilization range.¹¹ The New Hampshire regulators propose that states have the flexibility to establish values within these limits depending on local circumstances.¹² However, if the Commission elects to adopt a single national target, New Hampshire regulators join with the Maine Commission in recommending a 75 percent threshold.¹³

In Comments responding to the Notice, GSA explained that incumbent and competitive LECs should be required to demonstrate that they are using the presently assigned central office codes efficiently before receiving additional groups of numbers.¹⁴ However, the Commission should not establish uniform fill targets for this process, because reasonable fills depend upon factors that vary between incumbent and competitive LECs and among different types of local service areas.¹⁵

9 Comments of Maine Public Utilities Commission, p. 2.

10 *Id.*, pp. 2-3.

11 Comments of New Hampshire Public Utilities Commission, pp. 1-2.

12 *Id.*, pp. 2-3.

13 *Id.*

14 Comments of GSA, p. 4.

15 *Id.*, pp. 4-5.

For example, LECs serving urban areas will nearly always achieve higher fills than carriers serving less populated regions. In most cases, a carrier serving a “rural” local calling area needs only a single central office code for the locality even if it has been providing service there for many years. Similarly, the “new” competitive LEC starts with a single central office code even for an “urban” area. Thus, fills of central office codes are generally low for rural and competitive LECs.¹⁶

Carriers forcefully demonstrate the need for flexibility in assessing number utilization. For example, MediaOne emphasizes that consumers must not be foreclosed from exercising their choice because a carrier does not have access to numbering resources.¹⁷ MediaOne explains:

In an increasingly competitive market for local service, the implementation of a utilization threshold must afford carriers — particularly the new entrants with no base of numbers — sufficient flexibility to obtain numbers in time to serve new markets and to meet the rapidly rising demand for their services.¹⁸

Winstar expresses similar concerns and suggests that the Commission establish a two-tier threshold to distinguish between new entrants and carriers with a market presence of three or more years.¹⁹

Incumbent LECs also argue forcefully for flexibility. For example, U S WEST urges the Commission “to maintain flexibility with respect to its chosen utilization threshold” by establishing a “tentatively appropriate level” with a true-up at a future time.²⁰ Also, U S WEST explains the need for the Commission to include a mechanism

¹⁶ *Id.*, p. 4.

¹⁷ Comments of MediaOne Group (“MediaOne”), p. 5.

¹⁸ *Id.*

¹⁹ Comments of Winstar Communications (“Winstar”), p. 6.

²⁰ Comments of U S WEST Communications, Inc., (U S WEST”), p. 5.

by which carriers' legitimate needs for additional numbers can be addressed on an expedited basis, even if a specific threshold is not met.²¹

In summary, comments demonstrate that there are too many variables to establish a "hard and fast" rule for determining eligibility for additional number assignments. Thus, GSA urges the Commission to rely on other conservation measures, at least in the near term. As discussed subsequently in the Comments, thousands-block number pooling for wireline carriers and requirements for wireless carriers to implement number pooling are expected to have major impacts in reducing demands for numbers. In the longer term, maximum flexibility should be given to the new NANP Administrator, which the Commission plans to select according to the criteria set forth in the Notice.²²

B. Number reservation procedures should accommodate requirements of government and business users.

GSA explained that any plan dealing with assignments of telephone numbers should recognize the requirements of larger government and commercial users for specific numbers and number sequences.²³ For example, GSA stated that it is important to maintain the flexibility for users to obtain and keep consecutive telephone numbers for direct inward dialing in PBX systems.²⁴ To illustrate the importance of numbering issues for larger users, GSA referenced previous comments by other end

²¹ *Id.*

²² Notice, para. 153-155.

²³ Comments of GSA, pp. 5-6.

²⁴ *Id.*, p. 6.

users explaining that the costs of telephone number changes are felt acutely by non-profit institutions and government agencies.²⁵

In comments responding to the Notice, the Association for Local Telecommunications Services ("ALTS") describes the interrelationship between users' requirements for specific number groups and the overall utilization of numbering resources by a carrier.²⁶ ALTS explains that it is normal practice to assign a block of numbers for a major customer to manage and use as needed.²⁷ Examples of customers requiring and receiving larger number blocks include hospitals, universities, businesses with campuses, state and Federal government users, and Internet Service Providers.²⁸ When a carrier makes an assignment to one of these customers, the numbers are "lost" from the carrier's perspective — the carrier has no information as to whether any particular number is associated with a working line at a given point in time.²⁹

ALTS continues by noting that although carriers have no control over numbers "given" to users, a conservative formulaic procedure would have to count numbers as assigned only if the carrier could demonstrate that they were associated with working lines.³⁰ This demonstration would require data from customers on a frequent and regular basis. Carriers have never had reason to request such data from customers,

²⁵ *Id.*, p. 5, citing Comments of the Ad Hoc Telecommunications Users Committee ("Ad Hoc"), July 30, 1999.

²⁶ Comments of ALTS, pp. 4-5.

²⁷ *Id.*, p. 4.

²⁸ *Id.*

²⁹ *Id.*

³⁰ *Id.*, p. 5.

and contracts do not contain requirements that customers provide the data.³¹ Thus, carriers will not normally have the required information, and the reported statistics will necessarily show low utilization levels in spite of the fact that carriers have no additional numbers to assign to new customers.³²

From GSA's perspective, these considerations demonstrate that the needs of larger customers must be considered carefully in evaluating a carrier's utilization of numbering resources. For this additional reason, maximum flexibility must be accorded the NANP Administrator in evaluating requests for additional number assignments.

III. CONTRARY TO CLAIMS BY SOME PARTIES, THE COMMISSION SHOULD REQUIRE WIRELESS CARRIERS TO PARTICIPATE IN POOLING AS SOON AS THEY IMPLEMENT NUMBER PORTABILITY.

A. Several carriers seek additional delays, but end users and regulators emphasize the benefits of implementing number pooling as soon as possible.

The Commission has required thousands-block number pooling for all carriers that are capable of implementing local number portability ("LNP").³³ Wireline carriers are now required to be LNP-capable if they serve one of the 100 largest metropolitan statistical areas ("MSAs") or if they receive a request by a competitive LEC.³⁴

The Commission has deferred requirements for Commercial Mobile Radio Services ("CMRS") carriers to implement LNP. For various reasons, the Commission finds that it is only practical to implement thousands-block number pooling for LNP-

31 *Id.*

32 *Id.*

33 Notice., para 125.

34 *Id.*

capable carriers, which are called “covered” carriers.³⁵ Presently, the Commission’s requirements for thousands–block number pooling do not extend to three groups of carriers: (1) “covered” CMRS carriers in the 100 largest MSAs, which will be required to implement LNP by a date certain; (2) wireline and “covered” CMRS providers outside of the 100 largest MSAs, which will be required to deploy LNP only when they receive a request from a competing carrier; and (3) “non–covered” CMRS providers, such as paging firms, which are not subject to any future LNP requirements.³⁶

Several carriers contend that there should be a substantial “grace period” for covered CMRS providers before number pooling is required. For example, Verizon asserts that there should be a nine–month transition period between CMRS carriers’ implementation of LNP and the start of their participation in number pooling.³⁷ BellSouth argues similarly for a transition period of 12 months.³⁸

In contrast, regulators point to the benefits of implementing number pooling for CMRS providers as soon as possible. Indeed, the Maine Public Utilities Commission provides dramatic evidence of how wireless carrier participation will improve the effectiveness of number pooling. These regulators report that if wireless carriers had been included in the recent pooling implementation in Maine, there would be 25 percent more blocks in the pool.³⁹ According to a similar analysis, the contribution would be even greater for California — at least a 40 percent increase in available number blocks.⁴⁰

³⁵ *Id.*, paras. 136–138.

³⁶ *Id.*, para. 129.

³⁷ Comments of Verizon Wireless (“Verizon”), pp. 23–24.

³⁸ Comments of BellSouth, pp. 9–12.

³⁹ Comments of Maine Public Utilities Commission, p. 5.

⁴⁰ *Id.*

The Maine regulators also provide evidence of the savings foregone in the most populous New England state. They explain that the absence of a pooling requirement for wireless carriers caused Massachusetts to abort its pooling trial because there would not be sufficient codes available at the time pooling was implemented to meet projected wireless needs computed at the 10,000 number block level.⁴¹ However, if wireless carriers had been required to participate in pooling, Massachusetts might have been able to proceed with the trial, which could have averted implementation of as many as four new area codes in the state.⁴²

B. There are no valid reasons to delay implementation of number pooling for wireless carriers.

The Commission has explained that the public interest requires covered CMRS providers to participate in thousands-block number pooling once they have acquired LNP capability.⁴³ In its Comments, GSA urged the Commission to find that thousands-block number pooling for wireless carriers should not be further delayed beyond the point when they are LNP-capable.⁴⁴ Wireless services are now responsible for a substantial part of the total demand for telephone numbers.⁴⁵ GSA explained that covered CMRS have already received the benefits of substantial deferrals — relative to wireline carriers in corresponding markets — in the requirements to implement LNP. GSA explained that no evidence supports additional delays.⁴⁶

⁴¹ *Id.*

⁴² *Id.*

⁴³ Notice, para. 139.

⁴⁴ Comments of GSA, pp. 6–8.

⁴⁵ *Id.*, citing Notice, para. 140.

⁴⁶ Comments of GSA, pp. 6–7.

Several carriers concur with GSA's observations. For example, WorldCom states that it does not know of any reason why wireless carriers would need a "transition period" beyond the expiration of the LNP forbearance period.⁴⁷ WorldCom explains that wireless carriers in the largest markets should be implementing the changes necessary to participate in pooling as part of their LNP preparations.⁴⁸

Winstar, a carrier relying substantially on wireless technology, also states that the Commission should require CMRS providers to implement number pooling as soon as they become LNP-capable.⁴⁹ Indeed, Winstar states:

The fact remains that for years, the CMRS industry administered its numbers in blocks of 1,000 because they received numbers that way from the incumbent LECs and their code administrator. It is difficult to believe that equipment that is more technologically advanced than that used 20 years ago and substantially similar to the equipment utilized today by the incumbent and competitive LECs would be incapable of supporting administration by thousand blocks.⁵⁰

Thus, Winstar states, there should be no barriers to immediate implementation of thousands-block number pooling after a wireless carrier is LNP-capable.

In view of the reports by WorldCom and Winstar and the findings concerning the benefits of number pooling for wireless carriers, GSA urges the Commission not to delay requirements for this capability beyond the point where the carriers are capable of implementing LNP.

⁴⁷ Comments of WorldCom, p. ii.

⁴⁸ *Id.*

⁴⁹ Comments of Winstar, p. 11.

⁵⁰ *Id.*

IV. COMMENTING PARTIES OFFER NO SUPPORT FOR PROPOSALS TO CHARGE CARRIERS FOR TELEPHONE NUMBERS.

The Commission suggested that an alternative approach for improving number utilization of numbering resources would be to require carriers to pay for numbers.⁵¹ As described in the Notice, this approach could be employed in isolation or in combination with other rules.⁵²

The proposal to charge carriers for telephone numbers was supported by only a few commenting parties, and their support was severely qualified. For example, the Missouri Public Service Commission ("MoPSC") asserts that it recognizes "some possible benefits from establishing a market-based approach for allocating number resources."⁵³ However, MoPSC expresses "concerns about the potential effects of a pure market-based approach on facilities-based competition in Missouri."⁵⁴

In its Comments, GSA urged the Commission not to adopt any plan to charge LECs for telephone numbers.⁵⁵ GSA explained that new entrants must incur substantial costs to build networks and attract end users.⁵⁶ A system of numbering fees would create an additional market barrier.⁵⁷ Moreover, charges to carriers for numbers would be the precursor to charges by carriers to end users designed to "recover" the costs they incur.⁵⁸ Ultimately, nearly all types of fees, including the Presubscribed

⁵¹ Notice, para. 250.

⁵² *Id.*

⁵³ Comments of MoPSC, p. 3.

⁵⁴ *Id.*

⁵⁵ Comments of GSA, pp. 8-9.

⁵⁶ *Id.*

⁵⁷ *Id.*

⁵⁸ *Id.*

Interexchange Carrier Charge ("PICC") and charges for LNP, have found their way to bills rendered end users. When a charging system is instituted, it is usually a long while before it goes away.⁵⁹

In response to the Notice, the Ad Hoc explains that if a carrier is achieving a reasonable utilization level, it is operating efficiently within the parameters established by the Commission.⁶⁰ In this case, there should be no further need to restrict the carrier's ability to serve its customers by charging for numbers, particularly when such charges may bar entry to the market.⁶¹

A variety of carriers — incumbents and competitors, small and large — discuss the shortcomings of charges for numbers. For example, in their joint comments, a number of smaller carriers strongly dispute the legal basis for pricing proposals, noting that the 1996 Act grants the Commission the authority to administer numbering resources, but not to sell numbering resources as if they were radio spectrum.⁶² Moreover, BellSouth, which also explains that charging has no legal basis, states that even if the Commission had the authority to assess charges for numbers, this approach would not serve the public interest.⁶³

Significantly, some of the strongest arguments in opposition to charging come from firms who would not bear the brunt of charges for numbers. For example, WorldCom notes that while use of a pricing mechanism is a superficially attractive way

⁵⁹ *Id.*

⁶⁰ Comments of Ad Hoc, p. 14.

⁶¹ *Id.*

⁶² Joint Comments of Midvale Telephone Exchange, Inc., Northeast Louisiana Telephone Company, Inc., Interstate Telecommunications Cooperative, Inc. and Radio Paging Service, p. 3, citing 1996 Act, 110 Stat. 56.

⁶³ Comments of BellSouth, p. 14.

to achieve more efficient use of numbering resources, implementation would raise practical difficulties and distort the market.⁶⁴ WorldCom states:

Instead of establishing a true market that would promote socially efficient resource usage, as the Commission has done with the PCS spectrum, it is likely that the Commission would have to rely on administrative resource pricing. Such a system would inevitably distort the marketplace and fail to provide the appropriate incentives to all participants. Even if the Commission succeeded in deterring at the margin the use of numbers, it could have no confidence that its pricing mechanism was actually promoting socially beneficial behavior.⁶⁵

Another carrier, MediaOne, also argues persuasively in opposition to charges for telephone numbers. MediaOne explains that a system of fees may be called a market-based allocation system, but in reality there would be a regulatory market, with prices changing as authorities (or their designees) made additional numbers available.⁶⁶ Moreover, MediaOne points out that a proposal to charge carriers for numbers carries the implicit assumption that carriers today pay nothing for numbering resources.⁶⁷ This is not the case, because the NANP Administrator collects fees from carriers whenever they obtain new numbering resources.⁶⁸

⁶⁴ Comments of WorldCom, Inc., p. ii.

⁶⁵ *Id.*

⁶⁶ Comments of MediaOne, p. 8.

⁶⁷ *Id.*

⁶⁸ *Id.*

V. THE COMMISSION SHOULD NOT HEED REQUESTS TO RECOVER NUMBER POOLING COSTS THROUGH A SPECIFIC CHARGE ON END USERS.

A Several carriers assert that the Commission should recover all costs remotely related to "number pooling," but they provide little data on their magnitude.

The Notice contains the tentative conclusion that incumbent LECs should not be permitted to recover the costs of thousands-block number pooling through a specific "Federal charge" assessed on end users.⁶⁹ However, before coming to a final decision on cost recovery, the Commission seeks data adequate to estimate the costs of number pooling with a reasonable degree of accuracy.⁷⁰

Based on GSA's review, the comments provided in response to the Notice fail to provide much data on the additional costs that LECs could be expected to incur with number pooling. For example, Bell Atlantic provides broad estimates of the costs to implement number pooling, without quantitative support.⁷¹ Nevertheless, the carrier contends that the Commission should allow incumbent LECs to recover their number pooling costs through an end user surcharge.⁷²

Several other parties argue that LECs should be permitted to recover the costs through designated charges on invoices rendered end users. For example, Sprint claims that the Commission "should permit use of a Federal end user charge as the recovery mechanism for number pooling expenses."⁷³ Sprint suggests that the simplest procedure is to increase the monthly end user fee for LNP now appearing on bills to

⁶⁹ Notice, para. 252.

⁷⁰ *Id.*, para 253.

⁷¹ Comments of Bell Atlantic, p. 6.

⁷² *Id.*

⁷³ Comments of Sprint Corporation ("Sprint"), p. 18.

end users.⁷⁴ However, since it has no estimate of the pooling costs, Sprint does not quantify how much the LNP charge would be increased.

In addition, the United States Telecom Association (“USTA”) asserts that the Commission should establish mechanisms that recover an extremely broad variety of number pooling costs from end users.⁷⁵ For example, USTA claims that even non-pooling carriers will incur costs associated with pooling when it is implemented in LNP-capable areas. Moreover, USTA claims that the Commission should address the costs of trial programs in individual states. Indeed, USTA observes that the Commission has authorized regulators in several states to conduct number pooling trials, but complains that no state that is beginning pooling trials has made any effort to address cost recovery.⁷⁶ To ensure the broadest possible revenue recovery — but without providing evidence on the magnitude of the costs to be recovered — USTA asserts that “all pooling costs should be included in a Federal cost recovery mechanism.”⁷⁷

B. It is likely that number pooling will not entail any significant costs net of anticipated savings.

The lack of specific data on the costs of number pooling leads logically to one of three conclusions — (1) the costs are only indirect and cannot be estimated accurately; (2) the costs are so small that estimation is a waste of resources; or (3) costs are exceeded by savings. In any of these cases, a charge on end users is unjustified.

Based on the comments by Ad Hoc, GSA believes that the third option — that savings exceed costs — is most likely correct. Ad Hoc explains that substantial costs

⁷⁴ *Id.*

⁷⁵ Comments of USTA, pp. 7–9.

⁷⁶ *Id.*, p. 9.

⁷⁷ *Id.*, p. 10.

can be avoided by implementing efficient number pooling.⁷⁸ Expenses are incurred each time a new area code is established. A credible estimate by an incumbent LEC places the cost at \$6 million per new area code.⁷⁹ In contrast, thousands-block pooling is less expensive because it can be accomplished substantially through a one-time software deployment, with minor periodic updates.⁸⁰ Thus, Ad Hoc notes:

[T]he incremental costs of implementing thousands-block pooling are most likely a negative quantity, that is, they represent a net savings, when compared to the wasteful perpetuation of current area codes.⁸¹

None of the comments effectively counter this view.

In summary, there is no credible evidence of any net costs of number pooling. Even if there are additional costs, comments demonstrate that they should not be recovered by a pass-through charge to end users.

C. Even if carriers incur number pooling costs, there is no justification for an end user surcharge.

Comments by consumer advocates, carriers, and end users demonstrate that the Commission should not allow carriers to recover the costs of thousands-block number pooling through a Federal charge assessed on end users. For example, public counsels and other organizations representing consumers in a number of states submitted joint comments to address numbering resource issues identified in the Notice.⁸² The Consumer Commenters explain:

⁷⁸ Comments of Ad Hoc, p. 18.

⁷⁹ *Id.*, p. 19.

⁸⁰ *Id.*, p. 18.

⁸¹ *Id.*, p. 17.

⁸² Joint Comments of Pennsylvania Office of Consumer Advocate, Texas Office of Public Counsel, Missouri Office of Public Counsel, Florida Office of Public Counsel, District of Columbia Office of People's Counsel, California Office of Ratepayer Advocates, the Utility Reform Network, Maryland

[T]he costs associated with the implementation of thousands-block number pooling are properly considered to be part of the evolution of the public switched telephone network, and such costs should be borne by carriers *without* the benefit of recovering such costs through yet another end user surcharge.⁸³

GSA concurs with this assessment.

GSA explained in its Comments that invoices by local exchange and interexchange carriers now contain too many pass-through charges and fees.⁸⁴ One major disadvantage of this approach is that a carrier permitted to pass through its “costs” has little incentive to reduce them.⁸⁵ On the other hand, if number pooling costs are considered as a component of operating expenses, they are subject to the same competitive forces as other operating costs.

Another major disadvantage of pass-through charges is that once introduced they tend to stay in place. For example, the Commission authorized incumbent LECs to recover the costs of implementing LNP through a separate charge on end users.⁸⁶ Now, end users are paying more than \$738 million a year to reimburse incumbent LECs for the “costs” of implementing LNP under the prescribed “cost recovery” plan.⁸⁷ Moreover, although the charging structure is set to expire in five years, there is ample time to revisit and extend the mechanism.

Office of People's Counsel, Maine Public Advocate, and Indiana Office of Utility Consumer Counsel (“Consumer Commenters”).

83 *Id.*, pp. 6–7 (italics in original).

84 Comments of GSA, p. 10.

85 *Id.*

86 *In the Matter of Long Term Number Portability Tariff Filings*, CC Docket No. 99-35 *et al.*, Memorandum Opinion and Order, released July 16, 1999.

87 Comments of GSA, p. 11, citing Comments the Ad Hoc Telecommunications Users Committee, July 30, 1999, p. 23, citing *Investigation Produces Lower Number Portability Charges for Customers of Ameritech, GTE, Pacific Band Southwestern Bell*, Report No. 99-35, July 1, 1999, p. 23

As an additional cost recovery issue, GSA urged the Commission to avoid use of a separate “basket” for LECs under price cap regulation to accumulate the costs of number pooling activities.⁸⁸ From GSA’s perspective, it is a small step from the use of a cost basket for “accumulating” costs to a charge assessed on end users for “recovering” them.

Cox Communications also articulated the need to eschew recovery through end user charges from the perspective of a telecommunications carrier. Cox explained that industry-wide costs, including the costs of modifying the local number portability database and pooling administration, should be borne by the entire industry, using a mechanism similar to that employed to recover operating costs for the NANP Administrator.⁸⁹

In summary, GSA urges the Commission not to allow carriers to recover the net costs for any activity related to numbering resources — if indeed they exist — through a surcharge on services to end users. If the Commission wishes to permit LECs to distinguish the costs of number pooling, GSA recommends using an approach similar to that now employed for funding current numbering administration activities.

⁸⁸ Comments of GSA, p. 11.

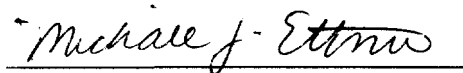
⁸⁹ Comments of Cox Communications (“Cox”), p. 8.

VI. CONCLUSION

As a major user of telecommunications services, GSA urges the Commission to implement the recommendations set forth in these Reply Comments.

Respectfully submitted,

GEORGE N. BARCLAY
Associate General Counsel
Personal Property Division



MICHAEL J. ETTNER
Senior Assistant General Counsel
Personal Property Division

GENERAL SERVICES ADMINISTRATION
1800 F Street, N.W., Rm. 4002
Washington, D.C. 20405
(202) 501-1156

June 9, 2000

CERTIFICATE OF SERVICE

I, MICHAEL J. ETTNER, do hereby certify that copies of the foregoing "Reply Comments of the General Services Administration" were served this 9th day of June, 2000, by hand delivery or postage paid to the following parties.

The Honorable William E. Kennard,
Chairman
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

The Honorable Harold Furchtgott-Roth,
Commissioner
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

The Honorable Susan Ness,
Commissioner
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

The Honorable Gloria Tristani
Commissioner
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C 20554

The Honorable Michael K. Powell
Commissioner
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C 20554

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 12th Street, S.W. Counter TWA325
Washington, D.C. 20554

Ms. Jeannie Grimes
Network Services Division
Federal Communications Commission
445 12th Street, S.W., Room 6-A207
Washington, D.C. 20554

Editorial Offices
Telecommunications Reports
1333 H Street, N.W., Room 100-E
Washington, D.C. 20005

Ms. Edith Herman
Senior Editor
Communications Daily
2115 Ward Court, N.W.
Washington, D.C. 20037

International Transcription Service
1231 20th Street, N.W.
Washington, D.C. 20554

Michael J. Ettner